

FISCAL NOTE
SB 396 - HB 590

March 6, 2003

SUMMARY OF BILL: Allows a school district to demand restitution from a parent who has fraudulently enrolled a child in an out-of-district school using a false address. Any parent found guilty would be liable to the school district for restitution of the per pupil expenditure spent by such district for each year of the fraudulent misrepresentation. The parent would also be liable to the school district for litigation costs and fees, including attorney fees. Such action for restitution must be brought within one year of the date the fraudulent misrepresentation occurred or was discovered, whichever is later.

ESTIMATED FISCAL IMPACT:

Local Govt. Expenditures - Net Increase - Less than \$100,000/Permissive
Local Govt. Revenues - Net Increase - Exceeds \$100,000/Permissive

The fiscal impact of the bill will be dependent upon the following:

- The school districts' willingness and ability to identify and prosecute parents who enroll their child using fraudulent information.
- The parents' ability to pay the accumulated tuition.
- Whether the school district is able to force the student to withdraw when the school finds a disparity without taking legal action.
- The district may save money by eliminating costs for students who do not pay taxes to the district. However, the amount of savings would be contingent on the number of students prosecuted.
- It is assumed that BEP funding to the school districts would not be significantly affected by moving children from one district to another, but would result in funds being shifted, thereby causing a decrease in local expenditures and revenues in one LEA and an increase in local revenues and expenditures in another LEA.
- School districts may experience an increase in local expenditures due to incurring legal fees to prosecute the fraud cases. In cases where fraud is proven, the parent is liable for legal fees. However, the district may also incur costs for investigations and when they are the unsuccessful party to the lawsuit. However, such increase is estimated to be less than \$100,000.
- To the extent parents found guilty are forced to repay the per pupil expenditure for that child in that district, local governments revenues are estimated to increase. Using an average per pupil expenditure for all districts of approximately \$6,000, local government revenues are estimate to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director